



**CHIEF ADMINISTRATIVE OFFICE
POLICY MEMORANDUM NO. 71(R)**

TO: Gilbert Montaña, Chief Administrative Officer
FROM: Chad Brown, Chief of Staff to the Chief Administrative Officer
Courtney Story, Innovation Manager
CC: Romy Samuel, Collector of Revenue
DATE: February 28, 2019
SUBJECT: FOR REVIEW: Re-instatement of the Amusement Tax

Background

R.S. 4:41 passed by the State of Louisiana in August 1980 authorizes parishes or municipalities of more than three hundred thousand inhabitants to levy a tax for the purpose of providing funds for public and quasi-public charitable institutions.

Chapter 150 Article IV of the City Code grants the City of New Orleans the ability to assess an Amusement Tax.

Ordinance No. 18692 (April 16, 1998) – This ordinance lowered the Amusement Tax from 5% to 2%. At this time, existing exemptions were repealed for a number of organizations including: New Orleans Museum of Art, the Aquarium, Jazzfest, the Municipal Auditorium, the Theater for Performing Arts, the UNO Area, the Saenger Theater, and the Orpheum Theater.

Ordinance No. 20655 (May 2, 2002) – This ordinance suspended the collection of the 2% Amusement Tax and passed City Council by a vote of 4-3. This same ordinance also added an additional exemption for live music venues with a capacity of 1,000 persons or less, only while live music is being performed.

Section 150-242 of City Code requires that businesses subject to the Amusement Tax obtain a permit from the City. As Ordinance No. 20655 only suspended the collection of the tax, these permits are currently being issued by the Bureau of Revenue.

Fees assessed for Live Entertainment permits are based on type of activity, what is being sold, and amount of gross sales. Section 150-243 provides a list of types of businesses that are exempt from the Amusement Tax:

- (1) To any event held in the Louisiana Superdome or the New Orleans Arena;

- (2) To any church fair, church card or lotto party, church lecture, church picnic, or any religious festival, all of the proceeds of which inure to the benefit of a religious institution;
- (3) To any charitable benefit, the proceeds of which inure exclusively to the benefit of charitable institutions.
- (4) Charged the students or members of the faculty of any school or university which charges an admission fee in connection with the activities of the school or university; nor shall any tax be levied in respect to free passes issued by such school or university.
- (5) Of \$0.10 or less charged children under the age of 12.
- (6) To any establishment with live music having a capacity of 1,000 persons or less only while live music is being performed.

Legal Opinion

[REDACTED]

[REDACTED]

[REDACTED]

Revenue Estimates

Because the same ordinance that added the additional exemption for venues with a capacity of 1,000 persons or less also suspended the collection of the Amusement Tax, prior revenue estimates ranged from \$1.9M to \$2.5M annually.

Implementation Costs

The Bureau of Revenue estimates the following funding would be required to re-implement the collection of the Amusement Tax.

Personal Services	\$409,941
(4) Revenue Field Agents	\$205,804
(2) Sales Tax Auditors	\$156,632
(1) Tax Collections Specialist	\$ 47,505
Other Operating	\$ 12,500
Total Implementation Cost	\$422,444

Timeline Considerations

The Bureau of Revenue asked for an implementation timeline of 12 months internally, with public education beginning 6 months before the first date of collection. The implementation efforts internally will include updating paper forms, updating

Public Perception

The Early Childhood Education working group convened by the Orleans Parish School Board polled 500 adults who are registered voters in Orleans Parish from October 29, 2018 to November 1, 2018. The poll was conducted by LJR Custom Strategies and paid for by several partners involved with the New Orleans Campaign for Grade-Level Reading.

The poll asked respondents the following question related to the re-instatement of the Amusement Tax:

"Here are some potential ways to fund expanded access to high quality early childhood education in Orleans Parish. Please tell me whether you strongly agree, agree, disagree, or strongly disagree with utilizing each one to fund quality pre-school."

5th in a list of 9 options, was: "Reestablish a five percent amusement tax for live entertainment events"

52% strongly agreed or agreed; 37% strongly disagreed or disagreed. 10% were unsure. In debriefing the poll with LJR, it was determined that many respondents may not have sufficient context about the Amusement Tax to know what it is, which could have affected responses. Sampling error on findings is +/-4.3%.

Next Steps

- (1) Identify internal and external stakeholders that are supportive of the proposal:
 - Internal: The Mayor's Office of Cultural Economy – A meeting has been scheduled with the new Executive Director Lisa Alexis for March 7th.

- External: The Early Childhood Education working group is prepared to provide a statement of support, and work with organizations in their network to support the reimplementation of the Amusement Tax

(2) Bring an ordinance that re-implements 2% Amusement Tax collections and removes the exemption for venues with a capacity less than 1,000 when live music is being performed before City Council:

- The budget committee will likely want to vote on this ordinance before it goes to the full City Council for a vote.
- The ordinance will have to lay over for 20 calendar days after being introduced before it can be voted on by City Council.